

Kenneth Rust
Director
Federal Regulatory Matters

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NYNEX

April 1, 1996

Ex Parte

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. - Room 222
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C.

Re: CC Docket No. 96-45

Dear Mr. Caton:

Today, Frank Gumper, Steven Kohn, and I, representing the NYNEX Telephone Companies (NTCs), met with Mr. John Morabito of the Accounting and Audits Division regarding the item captioned above. The documents attached provided the basis for discussion, but only the material in the attached regarding Universal Service was touched upon during the meeting.

Any questions on this matter should be directed to me at either the address or the telephone number shown above.

Sincerely,



Attachments

cc: J. Morabito

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G R Evans
Vice President
Federal Regulatory Affairs

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NYNEX

FEDERAL COMMUNICATIONS
COMMISSION
OFFICE OF SECRETARY

March 14, 1996

Ex Parte

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554

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MAR 14 1996
FEDERAL COMMUNICATIONS
COMMISSION
OFFICE OF SECRETARY

RE: CC Docket 96-45; CC Docket No. 95-185; CC Docket No 94-54; CC Docket 94-1

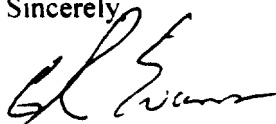
Dear Mr. Caton:

Yesterday in several meetings, Mr. T. Tauke, Mr. F. Gumper, Ms. S. Guyer and I, representing NYNEX, met with Chairman Hundt, Mr. J. Nakahata, Mr. J. Farrell, Mr. D. Gips, Ms. R. Keeney, Mr. R. Metzger, Mr. D. Ellen, Mr. R. Pepper, Mr. R. Welch, Mr. L. Atlas, Ms. M. Farquhar, Ms. K. Levitz and Mr. E. Maxwell. The purpose of the meetings was to discuss general issues relating to implementation of the Telecommunications Act of 1996 (the Act).

Specifically, the NYNEX representatives discussed ideas for implementing Section 254 of the Act, and discussed using the Benchmark Cost Model for developing a more targeted funding approach to high cost support for Price Cap companies. Regarding Access Reform, the NYNEX representatives discussed an adaptive regulatory framework for the FCC to utilize as competition evolves. The attached material was used as a discussion guide.

The subject of reciprocal compensation for interconnecting local exchange carriers, including CMRS providers, was discussed. NYNEX representatives explained that there are reciprocal compensation agreements in New York with CMRS providers.

Sincerely



Attachment

cc: Chairman Hundt
L. Atlas
D. Ellen
M. Farquhar
J. Farrell
D. Gips
R. Keeney

K. Levitz
E. Maxwell
R. Metzger
J. Nakahata
R. Pepper
R. Welch



AGENDA

- **INTERCONNECTION**
- **LONG DISTANCE ENTRY**
- **UNIVERSAL SERVICE**
- **ACCESS REFORM**

HOW IS UNIVERSAL SERVICE FUNDED TODAY?

- **Funded through Explicit and Implicit subsidies**
 - » Explicit subsidies funded by LECs and IXC
 - » Implicit subsidies funded through LECs access charges and state toll rates

UNIVERSAL SERVICE OPTIONS

- **OPTION I**

- » Rate rebalancing

- **OPTION II**

- » All subsidies in USF
- » FCC manage decline
- » (Large Fund; no education)

- **OPTION III**

- » Access Reform (small USF)
- » Companies given tools to manage access rates in competitive environment

UNIVERSAL SERVICE:

- **WHAT IS THE PROBLEM TO BE SOLVED?**

- Very High Cost-Areas
- Telephone Subscribership
- Education and Health Access

UNIVERSAL SERVICE: EDUCATION

- **Learning Link**

- » **Services Included**

- **Basic Telecommunications Services**

- **Internet Link**

- **Transport**

- **Access**

- **Voice Messaging**

- **Variable Discount Reflecting School Needs**

UNIVERSAL SERVICE: EDUCATION

- **Advanced Learning Link**
 - » High Capacity Digital Services
 - » Video Conferencing
 - » Distance Learning

UNIVERSAL SERVICE: HIGH-COST ASSISTANCE

- **Separate mechanism for Price Cap LECs and Rate of Return LECs**
- **Rate of Return LECs**
 - » Use actual study area costs
 - » Transition Long Term Support (LTS) to interstate high-cost fund
- **Price Cap LECs**
 - » Target Funding using “proxy costs”
 - » Use the Benchmark Cost Model (BCM)

UNIVERSAL SERVICE: DEFINITION FOR PRICE CAP COMPANIES

- **A single residential line with access to:**
 - » local and long distance calling
 - » touch-tone dialing
 - » directory listing
 - » operator services
 - » emergency services
 - » Teletype Relay System services

UNIVERSAL SERVICE: BENCHMARK COST MODEL

SINGLE LINE COST PER MONTH

<u>Cost Range</u>	<u>Support</u>
< \$60	\$0
\$60 - \$70	\$10
\$70 - \$80	\$15
\$80 - \$90	\$20
\$90 - \$100	\$25
> \$100	\$30

UNIVERSAL SERVICE: PRICE CAP LECS

Current Funding \$295M

BCM Results \$521M

UNIVERSAL SERVICE PRICE CAP LECS \$ (M)

	<u>Current</u>	<u>New</u>
AMERITECH	---	\$11
BELL ATLANTIC	\$4	\$8
BELL SOUTH	\$48	\$48
GTE	\$177	\$185
FRONTIER	\$3	\$10
LINCOLN	---	\$5
NYNEX	\$8	\$13
PACTEL	---	\$25
SNET	---	---
SOUTHWESTERN	\$1	\$55
UNITED	\$51	\$46
US WEST	\$3	\$114

UNIVERSAL SERVICE: FUNDING

- **Could be individual national funds, however monies collected through a single mechanism**
- **Funding**
 - » Competitively neutral
 - » Based on interstate retail revenues
 - » All interstate carriers apply a percentage surcharge to their interstate customers' bills

UNIVERSAL SERVICE: SUBSCRIBERSHIP

- **Toll Limit**

- » Establish flexible credit limits based on individual's credit history

- **Debit Cards**

- » Bridge needs of customers that exceed conventional credit limits

ACCESS REFORM

- **COMMISSION SHOULD ADOPT REGULATORY FRAMEWORKS THAT REFLECT EVOLVING COMPETITION**

LEGISLATION SPEEDS NEED FOR ACCESS REFORM

- **Act opens local markets to competition**
- **Results in competitive switched access market**
- **Competitive markets can not support averaged prices**

ACCESS REFORM: FRAMEWORK A -- BASELINE

- **The Transport Interconnection Charge (TIC)**
 - » Separate current transport costs from residual amount
 - » Move residual to Separate Basket
 - Freeze revenue level
 - Target future price decreases
 - Eliminate as embedded plant base is amortized
 - Charge IXC based on market share of minutes
- **Introduce new Feature Group “E”**
 - » Designated for Enhanced Service Providers
 - » Data transport
 - » Cost priced

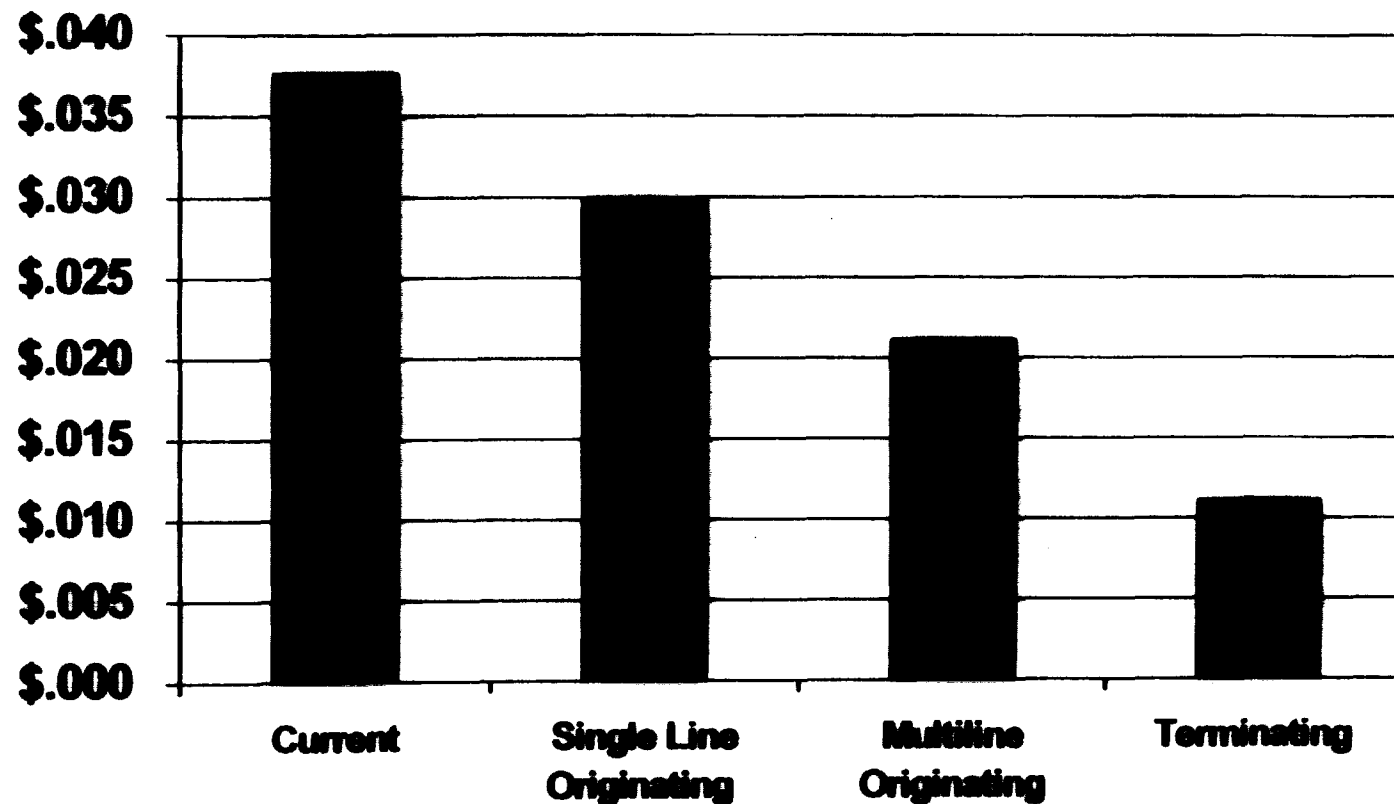
ACCESS REFORM: Framework B

- **“USPP” like rate structure**
 - » Access rates by zone, and by single line and multiline usage
 - » Reduce multiline Carrier Common Line (CCL) to \$0.00
 - » Remove non-traffic sensitive costs from Local Switching
 - Recover both multiline CCL and non-traffic sensitive Local Switching from IXC's on a per line basis
 - » NECA Long Term Support removed
 - Part of small LEC Universal Service Fund
- **Increase single line EUCL by \$.50 (to \$4.00)**

ACCESS REFORM: Framework C

- **Establish separate originating and terminating switched access rates**
 - » Single line CCL —————> Apply to originating only
 - » Traffic cost based TIC —————> Apply to originating only
- **Single line EUCL in zones 2 & 3 increase by \$1.00 (to \$5.00)**
- **Realign Price Cap Baskets**
 - » Switching
 - » Trunking
 - » Residual

ACCESS REFORM: PROPOSED SWITCHED ACCESS RATES



- Proposed per line charge to IXC's of --
- Proposed TIC Recovery of --

\$1.50/line/month
\$35M/month



55 EAST 25TH STREET | NEW YORK, NY 10010 | TEL 212 | 683 | 7440 FAX 212 | 683 | 7338

MARK WEISS PRINCIPAL

Chairman Hundt's Visit

April 2, 1996

Agenda

- **Welcome** **Mark Weiss**
- **Tour & Demos** **Mark Weiss & Phil Davies**
 - + **Spanish -**
Live Video & Internet
 - + **Poetry -**
Teachers & Writers
Collaborative via Internet
 - + **The Revolution!**
Communications
- **Roundtable Discussion** **Chairman Hundt, Students,
Parents, & School Personnel**
- **Press Opportunity**

A NEW VISIONS / NEW AMERICAN SCHOOLS DEVELOPMENT CORPORATION PARTNERSHIP WITH THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART. THE INFRASTRUCTURE INSTITUTE AT COOPER UNION; NEW YORK CITY MISSION SOCIETY; NEW YORK CITY OUTWARD BOUND; OUTWARD BOUND USA; A COLLABORATION OF COMMUNITY SCHOOL DISTRICT 2 AND THE DIVISION OF HIGH SCHOOLS OFFICE OF ALTERNATIVE HIGH SCHOOLS AND PROGRAMS. "NEW VISIONS" IS A PROJECT OF THE FUND FOR NEW YORK CITY PUBLIC EDUCATION. THE NEW AMERICAN SCHOOLS DEVELOPMENT CORPORATION (NASDC) IS SUPPORTING "BREAK THE MOLD" OUTWARD BOUND EXPEDITIONARY LEARNING CENTERS THROUGHOUT THE UNITED STATES.

School for the Physical City An Expeditionary Learning Center

A New Visions/New American Schools Development Corporation Partnership with:

The Cooper Union for the Advancement of Science and Art; The Infrastructure Institute at Cooper Union; New York City Mission Society; New York City Outward Bound; Outward Bound, USA - a collaboration of Community School District 2 and the Division of High Schools' Office of Alternative High Schools and Programs.

"New Visions" is a project of the Fund for New York City Public Education. The New American Schools Development Corporation (NASDC) is supporting "break the mold" Outward Bound Expeditionary Learning Centers throughout the United States.

**55 East 25th Street
(between Park Avenue South and Madison Avenue)
New York, New York 10010
(212) 683-7440**

The mission:

To prepare, inspire, and empower city youth to take care of and to take charge of their city.

The vision:

The urban infrastructure, both physical and social, serves as a giant laboratory for educating students about the workings of their city. Students are actively engaged in creating and carrying out expeditions that call for habits of teamwork, creativity, critical thinking, inquiry, persistence, craftsmanship, and compassion. Students experience physical challenges that contribute to their social and intellectual development. Family and community members actively participate in the life of the school. Young people who graduate from this school will have experienced a highly motivating and supportive educational program that will prepare them for a diversity of college and career choices as well as a life of commitment to learning and community.



Online Debate

With the use of our email and online conferencing system, students will begin to connect with other schools to exchange position papers, and critique each others arguments and evidence. The topics will be student-chosen but will stem from the curriculum. By introducing a larger outside audience of critics, students will raise expectations for themselves.

For More information about the SPC Technology Initiative please contact Phillip Davies at:

683-7440

or

phil_davies@elob.ci.net



School for the Physical City

Communications Technology Initiative



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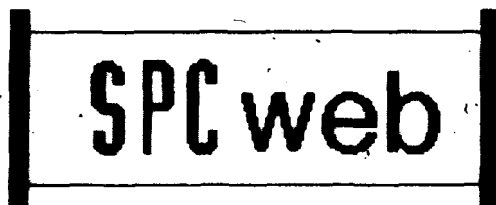
As our nation moves rapidly into the information age, many people wonder how the schools of today are preparing our children for the technologically advanced opportunities of tomorrow. The answer is: by creating a school environment that uses many of tomorrow's tools of the information age, today. Now in place at SPC is a state-of-the-art information network infrastructure. Every room is hardwired to a network-server room where high-speed computers distribute electronic information at incredible speeds.

The infrastructure helps lay the groundwork for significant initiatives to incorporate these technologies into the daily activities of the SPC community at school and at home. The uses of electronic mail and networked multimedia, and Internet access to extensive libraries around the world, are part of a comprehensive digital information initiative started at the school this year. SPC, already part of a national network of Expeditionary Learning schools, is exploring ways to enhance communication. Also included in the plan is remote access to digital networks. This will give our students and families the ability to connect from home to school at any time.

Over the course of this year, faculty and students will begin to include in their communications activities many of these tools. The school of the information-rich is no longer a vague and intangible vision, but rather a realizable goal. With

the bricks and mortar of the new school on 25th Street in place, through this initiative, we will meet these goals.

Current Teacher/Student projects



SPCweb

Under the guidance of Phillip Davies, students have begun developing SPC's World Wide Web site. With a growing staff, we are beginning to introduce the web to the school, and to employ it as a resource for school-based digital projects.

@NEWS

@News is a monthly internal Newsletter discussing relevant information about communications technology and how it effects teaching and learning.

Online Poetry

Marianne Melendez, in collaboration with Teachers & Writers and the Institute for Learning Technologies, is establishing an electronic poetry web page, a repository for student poetry. Students will gather inspiration from World Wide Web poetry sites and create poetry sites in kind. Utilizing the technology of real-time audio, students will be able to hear the voices of student poets as they recite their works over the internet.



Voicings

Like Marianne, Joel Barsky is working with his humanities class to develop digital sound recordings of stories from the class. The eventual goal is World Wide Web pages of audio files with pictures/digital images of the student author's choosing.

Publications Minicourse

Candy Systra and Loretta Brady have undertaken a brave experiment in the use of online development and publication. Students from the 9th grade are using email to submit rough drafts of stories, essays and poetry for critique and editing. When the stories are finished, the students will publish writings with the aid of Christine Roman, an 11th grade desktop publishing specialist.

Future Projects

Geometry

Evan Ahern is beginning to explore the various possibilities in utilizing digital geometry resources to aid in teaching a diversity of skill levels in 9th grade mathematics.

Weather

Ron Weinstein, in his explorations of weather, is beginning to utilize some of the online resources available for weather information. Online programs can help bring to life many of the principles involved, and enrich presentations of weather systems through the use of animation.

Energy

Joseph Newkirk in his energy exploration is preparing digital presentations of how energy systems work, utilizing electronic spreadsheets for data collection and processing as well as analysis of the data.

Drawing to Understand Math/Science

By using a drawing program, Cheryl Simms will illustrate how the properties of basic geometric shapes affect real world design, such as the importance of a square to a window or a triangle to a bridge. With the aid of digital drawing tools, her class will be able to construct and deconstruct basic shapes and see how they affect everyday life.